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From: "Morning Energy" <morningenergy@politico.com>
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Subject: POLITICO's Morning Energy, powered by America's Natural Gas Alliance: Romney's Solyndra debate jabs go unanswered - Shell starts Beaufort drilling - NatGas group projects low prices this winter - Companies claim progress on Alaska LNG export project
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By Alex Guillén

With help from Andrew Restuccia, Darius Dixon and Darren Goode

DEBATE RECAP - ROMNEY'S SOLYNDRA JABS GO UNANSWERED: President Barack Obama repeatedly passed up opportunities Wednesday night to defend his high-profile green energy program - and made no response to Mitt Romney's jibes about Solyndra. It typified a debate in which Obama and Romney largely talked past each other on energy policy, aside from lobbing talking points on familiar touchstones like gasoline prices, the Keystone XL pipeline, energy production and oil and gas industry taxes. Darren Goode breaks it down for Pros: <http://politico.pro/PRLLHi>

FACT CHECK: In addition to fact checks in Darren's story, Josh Gerstein and Darren Samuelsohn join in on the fact checking fun - including Romney's claim that half of the green energy projects the government has invested in have gone under. Of the 26 winners of DOE loan guarantees under the stimulus's 1705 program, a total of three have gone belly up: Solyndra, Abound Solar and Beacon Power. But Romney's campaign explained that he was including other troubled stimulus grant winners in his claim. Gerstein and Samuelsohn also look at Romney's claim that gasoline prices are double what they were when Obama took office: <http://politi.co/SrPTmr>

CLIMATE GETS NO LOVE: Despite a last-ditch campaign by environmental activists, the first presidential debate Wednesday night was a climate change-free zone. Energy came up multiple times during the debate, but neither Obama nor Romney mentioned the "c word," bypassing talk of climate change in favor of discussion of oil industry tax breaks and investments in renewable energy companies. And moderator Jim Lehrer didn't mention it either.

ALSO NOT MENTIONED: Nuclear power; the 2010 BP oil spill; the environment (only use of the word was from Romney saying "I don't want to kill jobs in this environment."); fuel economy standards; electric

vehicles; Keystone XL (by name, that is; Romney promised to "bring that pipeline in from Canada").

DEBATE REACTIONS

- Romney's emphasis on coal could be bad news for Democrat Tim Kaine in the Virginia Senate race, Eliot Spitzer said after the debate on Current TV. "Don't forget there are a lot of down-ballot implications here. If the presidential race comes close in Virginia because of this, because of what Mitt Romney said about coal, then suddenly the Kaine ... race comes up for grabs again," Spitzer said.

- Bracewell Giuliani energy specialist Frank Maisano wrote to ME: "Donald Trump 1, Big Bird 1; Climate Change 0. ... Maybe we need to send the next moderator more spam to see if they'll mention the topic..." Romney scored, Maisano added, with his line saying \$90 billion in green energy investments could have paid for 2 million teachers. "That was much more effective than any other attacks on green energy."

- American Petroleum Institute President and CEO Jack Gerard: "Unfortunately, after suggesting that he's in favor of increased oil and natural gas production, the president called for increased taxes on the industry he wants to help drive our economy and create jobs. Punishing energy companies by raising taxes is not sound energy policy and could lead to less energy, less government revenue, and fewer jobs."

- NRDC Action Fund President Frances Beinecke: "President Obama wants to invest in energy efficiency and renewable power while protecting our health. Gov. Romney would bet our future on the fossil fuels of the past. This is a choice between responsibility and recklessness, and the choice is ours to make."

- National Association of Manufacturers President and CEO Jay Timmons: "Governor Romney was absolutely right when he called for the approval of the Keystone XL pipeline. Keystone XL represented one of the single strongest opportunities for job creation in the past couple of years, and the discussion of energy policy returned the debate right back to where the focus needed to be on - jobs." <http://bit.ly/QZfxJT>

- Truman Project spokesman David Solimini: "Mitt Romney's energy plan ignores the advice of our military leaders and doubles down on oil - even as we send \$1 billion a day overseas for it."

TWEETS OF THE NIGHT

@ChuckGrassley: "Hooray Romney brings up Solyndra where president wasted half billion"

Public Radio International correspondent @toddzwillich: "Dear Coal: Do u like me 2? [] yes [] no [] maybe"

@algore: "President Obama's support for clean energy isn't just good for our planet, but good for our economy too. #current2012"

@boonepickens: "Not buying the \$4 billion in tax cuts claim for the oil industry by President Obama. He needs to explain. Obama#debates #pickensplan"

@MarkeyMemo: ".@MittRomney attacks @PBS in #debate. He wants to cut Big Bird, but let Big Oil keep \$40 billion in tax breaks. #outrageous"

Energy in Depth spokesman @saeveryley: "ExxonMobil, Mr. President? They pay \$12 million in taxes every hour, three times their profits. Care to try again?"

NOT SATISFIED: The Denver Post's editorial board. "We also hoped for more detail on issues such as energy and immigration but were disappointed. Other than taking a swipe at green energy subsidies (Romney) and oil company financial help (Obama), energy got barely any mention at all." <http://bit.ly/Qle0rc>

SPOTTED IN THE DEBATE HALL: Interior Secretary (and Colorado native) Ken Salazar and his wife Hope; former Energy Secretary (and Obama campaign co-chairman) Federico Peña.

ROMNEY HAS COAL RALLY FRIDAY: Romney's going to get extra mileage out of his "I like coal" line. After a stop today with Paul Ryan in Fishersville, Va., Romney is in Abingdon, Va., Friday morning for what his campaign is describing as a "coal country event" at Carter Machinery. Later Friday, Romney will travel to St. Petersburg, Fla.

Obama, meanwhile, starts today with a Denver event before traveling to Madison, Wis. On Friday the president is campaigning in Ohio and Northern Virginia. Vice President Joe Biden is stumping in Council Bluffs, Iowa, today.

HAPPY THURSDAY and welcome to Morning Energy, where we'd like you to read today's edition in the voice of the Count. "Eighty-nine, \$89 billion. Ninety, \$90 billion! A-ha-ha!" Send your energy news to aguillen@politico.com, and follow @alexcguillen, @POLITICOPro and @Morning_Energy.

SHELL STARTS BEAUFORT DRILLING: Shell began exploratory drilling Wednesday in the Beaufort Sea off the coast of Alaska, according to the company. Drilling commenced after the conclusion of the whale hunting season, as per an agreement with the Alaska Eskimo Whaling Commission. Shell began exploratory drilling in the Chukchi Sea last month, although the company has said it won't drill into oil or gas formations off the Alaskan coast this year. "This marks the first time two rigs are drilling, simultaneously, offshore Alaska in more two decades," Shell said in a statement.

NATURAL GAS GROUP PROJECTS LOW PRICES THIS WINTER: The American Gas Association will project today that natural gas prices and winter heating bills are expected to remain low - although likely higher than last year's due to forecasts of colder weather this winter than last. The low prices are due in part, the group says, because of technological advances and an abundant supply of natural gas in the U.S. AGA officials will have more on the winter outlook for the natural gas market this morning at a 9 a.m. briefing at the group's 400 North Capital St. NW headquarters.

- That projection matches the one released by the Natural Gas Supply Association yesterday, which agreed that last year's mild winter drove prices to their lowest point in years. Talia Buford's story, ICYMI: <http://politi.co/QYO9Me>

COMPANIES CLAIM PROGRESS ON ALASKA LNG EXPORT PROJECT: ExxonMobil, ConocoPhillips, BP and TransCanada say in a letter to Alaska Gov. Sean Parnell that they're making headway on a project to export liquefied natural gas from Alaska's Northern Slope, a project the companies estimate could cost in excess of \$65 billion and use 1.7 million tons of steel. "While good progress has been made, significant environmental, regulatory, engineering and commercial work remains to reach upcoming decisions to bring North Slope gas to market," the companies wrote. "As the concept selection technical work reaches closure, additional commercial agreements as well as support from the state of Alaska will be required in order to progress this world-class opportunity." The letter: <http://1.usa.gov/Srw4LX>

** A message from America's Natural Gas Alliance: Need energy efficiency? Natural gas is powering a solution for you. General Electric's new FlexEfficiency 60 plant can generate power at 61% efficiency, and quickly ramp up and down to accommodate intermittent forms of energy like wind and solar. <http://bit.ly/P6DsLE> **

GRID CONFERENCE TO TALK 'SMART POLICY': The sixth annual GridWeek conference wraps up this afternoon and the DOE's assistant secretary for electricity and reliability Patricia Hoffman is among the morning keynote speakers. Federal Energy Regulatory Commission member John Norris is also expected to participate in roundtable discussion about "smart policy."

FERC recognizes "that consumer buy-in is one key to achieving smart grid implementation," Norris will say, according excerpts of his opening remarks shared with ME. "If consumers can actively participate in energy markets and achieve real cost savings by adjusting their consumption, we will build demand for consumer-side smart grid technologies like meters and on-site energy storage." The final day of GridWeek begins at 8:15 a.m. at the Washington Convention Center.

ITC HEARING ON CHINA SOLAR TECH TARIFFS: The New York Times's Diane Cardwell reports on yesterday's U.S. International Trade Commission hearing on tariffs on Chinese solar tech: "In trying to make a case for harm, a group of American solar industry executives told the panel of commissioners on Wednesday that they had been forced to close plants, scale back production and lay off workers at a time when they should have been able to take advantage of rising demand for their products. ... But tariff opponents argued that SolarWorld had largely brought its problems on itself, and had proved unable to compete in a world where the low price of natural gas and declining subsidies were putting pressure on solar manufacturers to cut their prices sharply in order to survive." NYT: <http://nyti.ms/ViE5Dg>

TESLA FOUNDER DEFENDS QUICKER DOE LOAN REPAYMENT PLAN: Elon Musk, founder of electric carmaker Tesla, took to the company's blog to address concerns about Tesla's announcement last week that it plans to work out an early repayment system for its \$465 million DOE loan. "DOE believes Tesla will be highly successful and accumulate a large amount of cash, but that we may then choose not to pay off the loan any sooner than is currently required. Far from being worried about our survival, the DOE is highly bullish about our future and doesn't want us to delay early repayment of the loan if we have the cash on hand to do so." Musk also stressed that he expects the company to become cash flow positive by the end of November. <http://bit.ly/QGVkrW>

BIG DIFFERENCES BETWEEN USGS, EPA PAVILLION DATA, EID SAYS: U.S. Geological Survey data on wells in Pavillion, Wyo., contradicts EPA's assertion that fracking activities had polluted groundwater in the area, writes Simon Lomax, research director at the industry publication Energy in Depth. "[F]or those willing to look closely enough at the USGS report, it's hard to see how the EPA can claim the two reports are 'generally consistent.' Actually, that statement is highly misleading, because there are glaring inconsistencies between what the EPA and USGS found. So far, Energy In Depth has identified more than 50 individual measurements from the EPA's draft Pavillion report that have been discredited by the USGS." <http://bit.ly/SqP5hx>

HIGH COURT WEIGHS FLOODING CASE: At times depicting chainsaw-wielding tree cutters and water-soaked landowners, the Supreme Court yesterday tackled governmental responsibility, private property rights and the oft-precarious role of the Army Corps of Engineers. At issue: flooding and who should clean up. Jessica Meyers recaps yesterday's arguments in *Arkansas Game & Fish Commission v. United States*: <http://politico.pro/UG26Q3>

BRYSON JOINS WILSON CENTER: Former Commerce Secretary John Bryson - who resigned earlier this year following health issues - has joined the Woodrow Wilson International Center for Scholars, the group says. Bryson will work on energy and environment topics in addition to economic issues with China, India, Brazil and Japan. "My initial focus will be on the U.S. and its critical need to work effectively with both China, and its 1.4 billion people, and India, with its 1.2 billion," Bryson said in a statement. "But I look forward also to supporting the center's leading work on important related countries, such as Brazil and Mexico, and on critical issues, such as energy and the environment."

FROM PR TO REAL ESTATE: Securing America's Future Energy spokesman Justin Kitsch is leaving the group to join TTR/Sotheby's International Realty.

QUICK HITS

- The Mine Safety and Health Administration has made improvements but still faces inspection and enforcement problems, the Labor Department inspector general says. *Charleston Gazette*: <http://bit.ly/OEpvVc>

- The Coast Guard is looking into an oily sheen spotted near the site of the 2010 Gulf of Mexico oil spill. *Times-Picayune*: <http://bit.ly/QHhMRP>

- Mexico's next president plans a major push to boost that nation's oil production early next year, a transition official says. *Wall Street Journal*: <http://on.wsj.com/PylaO4>

- Opponents of a planned \$10 billion South Dakota oil refinery have asked the state Supreme Court to block a construction permit. *AP*: <http://wapo.st/VwH49T>

THAT'S ALL FOR ME. Enjoy the day.

** A message from America's Natural Gas Alliance: We believe in a clean energy future. Natural gas is a cleaner energy choice and a key partner to solar and wind technologies. From California to Florida, natural gas facilities are working with renewable energy to ensure steady, affordable and cleaner energy choices for communities across our nation. Because it is an abundant and affordable energy source available right here in America, natural gas can help make the promise of cleaner energy a reality in more American communities. Natural gas is smarter power today. Visit anga.us to learn more. **

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